

LAKEWOOD WATER DISTRICT
Pierce County, Washington
Special Audit
January 1, 1986 Through March 31, 1993

Schedule Of Findings

1. The District Should Adopt A Conflict Of Interest Policy

Pursuant to state law, the district began a cross connection program in the latter part of 1989. The district sent three individuals to training in cross connections. Three other district employees attended cross connection training at their own expense. Of these six employees, four operated private contracting businesses involved in installation and testing of backflow prevention devices.

The work performed for the district by these employees brings them into contact with customers in need of installation and testing of backflow devices. While we did not identify any incident where district employees solicited private business with a district customer during regular district work hours, we noted the district does not have a conflict of interest policy.

However, district employees' performance of private contract work for district customers creates the possibility of a conflict of interest.

We recommend the district adopt a conflict of interest policy.

2. The District Should Prohibit Personal Use Of Equipment And Material

District employees have made improper use of district hand and power tools. Employees have removed equipment and materials for personal use and for use in their private contracting businesses. While we found no indication of missing district equipment, we were not able to determine if all the materials taken had been replaced.

Article VIII, Section 7, of the State Constitution states in part:

No . . . municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in the aid of any individual . . .

The district has allowed employees to use equipment, and to take and replace material, as long as such use did not "get out of hand."

This practice is contrary to the State Constitution. In addition, since neither the amount of equipment usage nor the amount of material borrowed and returned can be accurately determined, there is no way to determine the actual loss to the district.

We recommend the district prohibit personal use of district equipment and material.

We further recommend, where possible, the district determine the value of the use of district equipment and material used by district employees and recover those associated amounts.